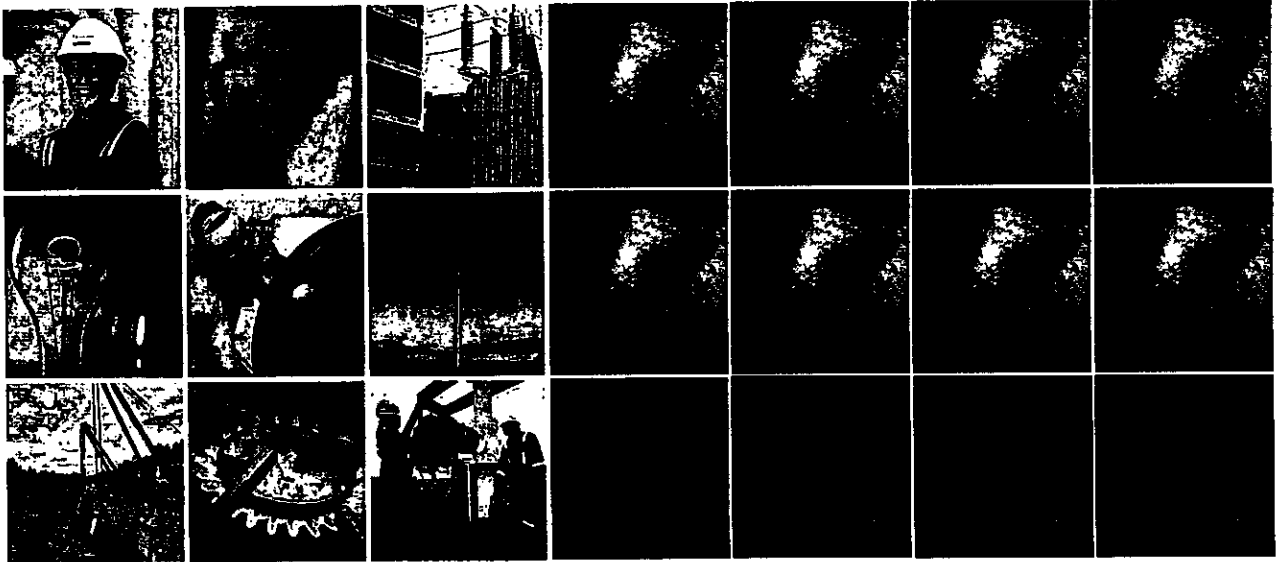


RELEASED IN FULL



Proposed Keystone XL Pipeline Project State Department Briefing

June 2, 2008



REVIEW AUTHORITY: Adolph Eisner, Senior Reviewer

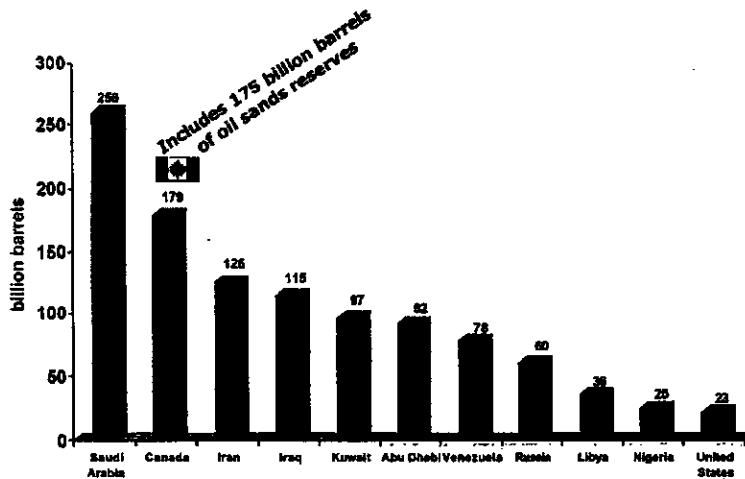
Objectives/Agenda



- Introduction to Proposed Keystone XL Project
- Relationship to Keystone Pipeline Project
- Current Status
- Major Permits and Regulatory Reviews
- Project Schedule
- Lead Agency Issue

Project Description—Purpose and Need

- Purpose: Transportation of crude oil from Canadian oil sands deposits to U.S. refineries on the Gulf Coast
- Need: Stable supply of crude oil to meet U.S. long-term demand



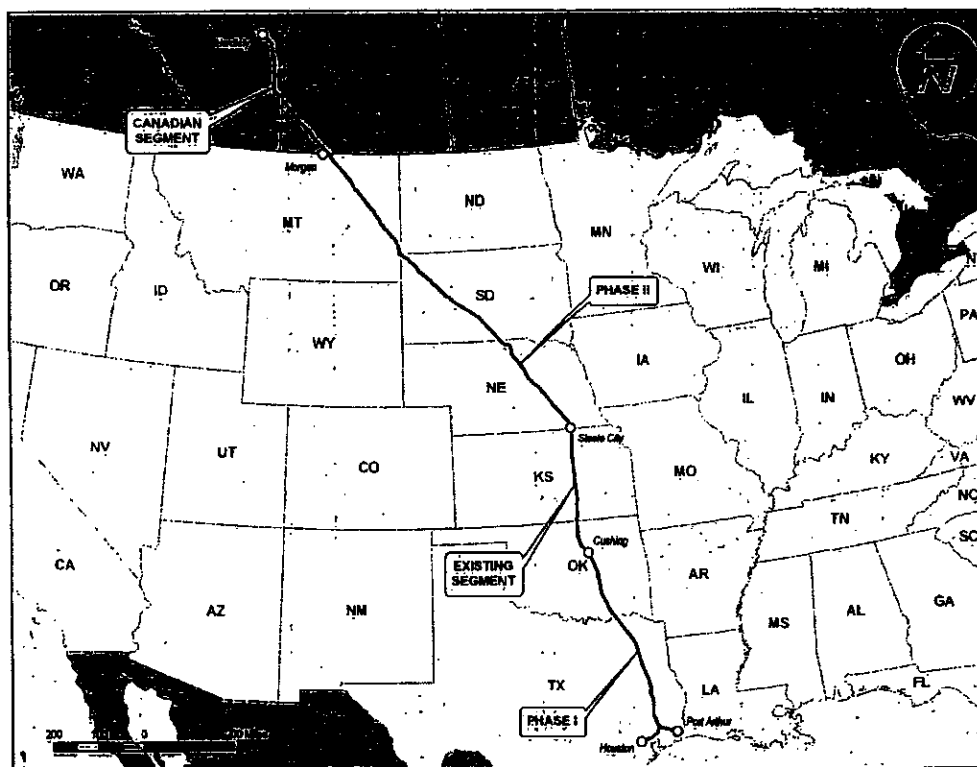
Largest World Oil Reserves
(CAPP, 11/25/2004, Source: Oil and Gas Journal)

Benefits:

- Security of supply
- Reduce dependency on offshore oil
- Safest and most economical way of delivering supply to market
- Short and long term economic benefits



Project Description - Overview

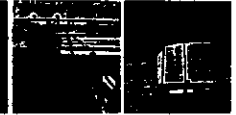


Project Description – Preferred Route



- Project commences at Hardisty, AB and extends ~ 327 miles to Monchy, SK.
- Crosses US border at Morgan, MT.
- Preferred route in US consists of northern and southern segments, plus use of Cushing Extension of Keystone project
- ~836 miles from Morgan, MT, across MT, SD, NE, to interconnection with Cushing Extension at Steel City, NE
- ~ 478 miles from Cushing, across OK and TX to existing terminal at Nederland, TX
- Additional ~50-mile lateral from Liberty Co. TX to Houston Ship Channel area.

Project Description - Facilities



- Initial nominal capacity of 700,000 bpd. Capable of expansion to nominal capacity of 900,000 bpd
- Light to heavy crude types
- 36-inch diameter pipe
- 4 ft typical depth of cover
- 50 ft wide permanent right-of-way
- ~30 pump stations in U.S.; tank farms at Steele City, NE, and in TX (location under review)
- Associated facilities (power, work camps, access roads, etc.)

Relationship to Keystone



- Developed in response to shipper expressions of need for incremental pipeline capacity from Hardisty to Gulf Coast refineries
- Demand for second project matured post-Keystone –
- No formal announcement of Open Season to date; anchor commercial arrangements still being finalized
- Complementary to the Keystone Project
- Utilizes Keystone Cushing Extension

Current Status



- Commercial Negotiations with Anchor Shippers at advanced stage
- Preliminary SF 299 ^{right long dam} filed with BLM in March - for cost ~~sharing~~ ^{recovery} by BLM.
- Environmental surveys commenced
- Landowner contacts underway/survey permission efforts ongoing
- Open Houses planned for summer 2008 - inform landowners.

Major Permits and Regulatory Reviews

- State Department - Presidential Permit Authorizing Border Crossing
- Bureau of Land Management - Grant of ROW across Federal Lands
- US Army Corps of Engineers - Permits and Easements
- USFWS - Consultation under ESA Section 7
- ACHP - NHPA Section 106
- EPA - NEPA Oversight
- PHMSA - Pipeline Safety, Emergency Response, Special Permit
- State Siting Permits in Montana and South Dakota

Project Schedule



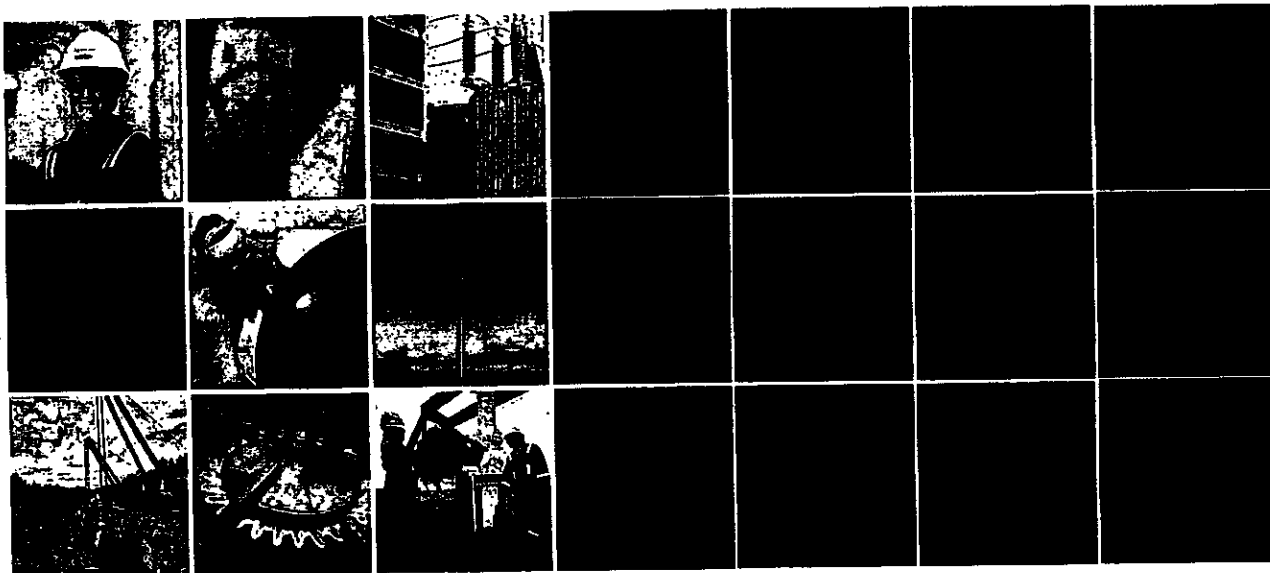
- Project Announcement: Targeted for Q2 2008
- Field surveys: 2008 and 2009
- Major Regulatory Filings: Q3 2008 through Q1 2010
- Presidential Permit application targeted for November 2008
- Receipt of Federal and State Permits: Beginning in Q1 2010
- Construction Start: Q2 2010
- In-service: Phase I – Q4 2010; Phase II – Q4 2011



More Information



- KXL informational website now live:
- www.transcanada.com/keystone/kxl/html



THANK YOU

